

Message Text

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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-20 OMB-01 DRC-01 EB-11 SR-02 ORM-03

/154 W

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R 110825Z JUL 74

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 5731

INFO AMEMBASSY DACCA

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

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E.O. 11652: N/A

TAGS: PFOR, PK, BG

SUBJ: PAKS STRESS THE POSTIVE IN BHUTTO'S BANGLADESH VISIT

SUMMARY: GOP IS PUBLICLY BILLING AS SUCCESSFUL THOSE ASPECTS OF BHUTTO'S DACCA VISIT IN WHICH IT HAD HOPED FOR SUCCESS; I.E., GOOD WILL, RESUMPTION OF TRADE RELATIONS, ENDING HOSTILE PROPAGANDA, WHILE SUGGESTING THAT THE KNOTTY PROBLEM OF DIVISION OF ASSETS AND LIABILITIES IS NOT INCAPABLE OF SOLUTION. HOWEVER, BOTH PUBLICLY AND PRIVATELY, GOP OFFICIALS CONTINUE TO DERIDE BANGLADESH PROPOSALS FOR TRANSFER OF ASSETS. END SUMMARY.

1. GOP IN RECENT PUBLIC COMMENT HAS BEEN ATTEMPTING REFUTE FREQUENTLY VOICED OPINION, REINFORCED BY STATEMENTS FROM BDG LEADERSHIP, THAT BHUTTO'S DACCA VISIT WAS TOTAL FAILURE. WHILE RECOGNIZING THAT VISIT LEFT SERIOUS PROBLEMS UNRESOLVED, PAKS ARE ASSERTING THAT VISIT WAS NONETHELESS A CONSIDERABLE SUCCESS.

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2. MINSTATE FOR DEFENSE AND FOREIGN AFFAIRS AZIZ AHMED,

IN OFFICIAL STATEMENT RELEASED TO PRESS JULY 8, SAID HE WAS "SURPRISED" AT BANGLADESH FOREIGN MINISTER KAMAL HOSSAIN'S STATEMENT THAT "TALKS ENDED IN FAILURE" AS THIS WAS "CERTAINLY NOT THE IMPRESSION THAT WE HAD CARRIED FROM THE DACCA TALKS". AHMED CLAIMED THAT "TWO USEFUL AGREEMENTS" HAD BEEN REACHED DURING VISIT, RELATING TO "IMMEDIATE RESUMPTION OF TRADE BETWEEN THE TWO COUNTRIES" AND TO "IMMEDIATE CESSATION OF HOSTILE PROPAGANDA".

3. AHMED ATTRIBUTED KAMAL HOSSAIN'S EXPRESSED DIS-APPOINTMENT TO UNREALISTIC EXPECTATIONS REGARDING DIVISION OF ASSETS AND TRANSFER OF NON-BENGALEES TO PAKISTAN. BANGLADESH, HE SAID, HAD MADE "EXTRAORDINARY PROPOSAL" THAT MAJOR PORTION OF ASSETS IN QUESTION BE HANDED OVER WITHIN TWO MONTHS WITHOUT AWAITING EXAMINATION OF OVER-ALL QUESTION OF ASSETS AND LIABILITIES AND HAD ALSO ASKED THAT GOP ACCEPT ABOUT 400,000 NON-BENGALEES. AHMED STRESSED THAT BHUTTO HAD REJECTED NEITHER PROPOSAL OUT OF HAND. ALTHOUGH MUJIB REFUSED BHUTTO'S SUGGESTION OF A JOINT COMMITTEE TO STUDY QUESTION OF ASSETS AND LIABILITIES, HE HAD SAID HE WOULD LEAVE A DECISION IN THE MATTER TO BHUTTO. THIS, AHMED DECLARED, WAS "AN EXPRESSION OF CONFIDENCE WHICH THE PRIME MINISTER DULY APPRECIATED". NON-BENGALEE ISSUE, ACCORDING AHMED, WAS ALSO LEFT "FOR FURTHER DISCUSSION WHEN THE TWO PRIME MINISTERS MEET IN PAKISTAN" WHEN IT PROVED IMPOSSIBLE TO REACH DEFINITIVE CONCLUSION.

4. CONCLUDING, AHMED SAID THAT "CONSIDERING THE TUMULTUOUS AND WARM WELCOME THE PRIME MINISTER RECEIVED IN DACCA, THE MANY OPPORTUNITIES ... TO HAVE TALKS IN A VERY FRIENDLY ATMOSPHERE ... FOR THE FIRST TIME SINCE THE TRAGEDY OF 1971, AND, IN PARTICULAR, THE UNDER-STANDING THE TWO PRIME MINISTERS WERE ABLE TO REACH IN PROMOTING FRATERNAL RELATIONS BETWEEN THEIR TWO COUNTRIES, NOT TO MENTION THE TWO POSITIVE RESULTS ABOVE MENTIONED, IN OUR OPINION -- AND IT WAS SHARED BY MANY IN DACCA -- THIS VISIT WAS REMARKABLY SUCCESSFUL. WE LOOK FORWARD TO SHEIKH MUJIBUR RAHMAN'S VISIT TO PAKISTAN".

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5. EARLIER, ON JUNE 4, OBVIOUSLY INSPIRED ASSOCIATED PRESS PAKISTAN ARTICLE QUOTED "OFFICIAL SOURCES" IN ISLAMABAD AS EXPRESSING SATISFACTION OVER OUTCOME OF VISIT WHICH "GREATLY CONTRIBUTED TO REVIVING AND RESUSCITATING THE INHERENT GOOD WILL BETWEEN THE PEOPLES OF THE TWO COUNTRIES". SOURCES ASSERTED THAT PAKISTAN LOOKED FORWARD TO RESUMPTION OF DIALOGUE BETWEEN LEADERS

OF THE TWO COUNTRIES, THAT EXPECTATIONS OF MOST ANALYSTS
HAD BEEN EXCEEDED, AND THAT "PAKISTAN WAS SATISFIED
WITH THE RESULTS".

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6. SOMEWHAT SHARPER AND LESS EUPHORIC NOTE WAS STRUCK
BY FINANCE MINISTER MUBASHIR HASAN, WHOM JULY 7 PRESS
QUOTED AS SAYING THAT BANGLADESH CLAIMS TO ASSETS WERE
"ABSURD" AND COMPLAINING TO JOURNALIST THAT BENGALLEES
HAD NOT WORKED OUT MATTER ON RATIONAL BASIS. IN A
LEAD EDITORIAL ON JULY 9, GOVERNMENT-CONTROLLED PAKISTAN
TIMES ECHOED HASAN BY DENOUNCING "ABSURD CLAIMS" AND
DERIDING BDG FOR ATTEMPTING TO "DELINK" LIABILITIES
FROM ASSETS. EDITORIAL MAINTAINED THAT THOSE PAKISTANI
ASSETS ALREADY IN BANGLADESH, SUCH AS MILITARY EQUIP-
MENT AND STOCKS ABANDONED IN 1971 (WHICH PAPER ESTIMATED
AS WORTH PERHAPS 2.5 BILLION DOLLARS) PLUS WEST PAK
INVESTMENTS IN BENGAL AND PROPERTY LEFT BY WESTERNERS,
MUST ALL BE TAKEN INTO ACCOUNT. FURTHERMORE, EDITORIAL
CONTINUED, BDG DEMAND FOR DIVISION OF ASSETS ON PER CAPITA
BASIS WITH 56PERCENT TO BANGLADESH WAS "PALPABLY
RIDICULOUS". INSTEAD, EACH SIDE'S SHARE IN NATIONAL

ASSETS SHOULD BE BASED ON PAST CONTRIBUTIONS TO REVENUE, WHICH MOUNTED TO SOME 17 TO 26 PERCENT IN THE CASE OF FORMER EAST PAKISTAN. BEFORE ANY SETTLEMENT, HOWEVER, LIMITED OFFICIAL USE

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PAPER SUGGESTED IT WOULD FIRST BE NECESSARY TO "DETERMINE BD'S ENTITLEMENT TO MAKE ANY CLAIM OVER PAKISTAN", THEN TO TAKE INTO ACCOUNT ITS LIABILITIES TOWARD THE LATTER, THEN TO "WORK OUT THE PRINCIPLES AND MODE OF SETTLING CLAIMS AND COUNTER-CLAIMS" AND ONLY THEN WOULD "ACCOUNTANTS

BE CALLED IN WITH THEIR CALCULATORS" TO TOTE UP BALANCE. EDITORIAL CONCLUDED THAT "THE INTERESTS OF THE TWO COUNTRIES CAN BEST BE SERVED NOT BY CONCENTRATING ON THE TICKLISH POINTS OF DISCORD BUT BY GRASPING THE POSSIBILITIES OF MUTUALLY BENEFICIAL COOPERATION AND DEVELOPING NORMAL CHANNELS OF DIALOGUE AND DISCUSSION WHICH WOULD HELP TO RESOLVE THEIR DIFFERENCES. THIS WHOLE ISSUE HAS GOT TO BE TACKLED ON THE POLITICAL PLANE".

7. COMMENT: POST IS NOT AWARE, AS AZIZ AHMED CALIMED, THAT ACTUAL AGREEMENT TO IMMEDIATELY RESTORE TRADE TIES HAD BEEN REACHED AT DACCA. MFA OFFICIALS WITH WHOM EMBOFFS DISCUSSED TRIP HAVE MADE NO MENTION OF IT. OTHER POINTS RAISED BY PRESS HAVE ECHOED EARLIER PRIVATE COMMENTS OF MFA OFFICIALS.

8. WITH REGARD QUESTION OF APPORTIONING ASSETS AND LIABILITIES, MFA DIRECTOR GENERAL FOR SOUTH ASIA, ABDUL SATTAR, SOME MONTHS AGO GAVE POL COUNSELOR DETAILED DESCRIPTION OF HOW GOP FINANCIAL EXPERTS HAD SPENT MONTHS COMPILING FIGURES AND HAD COME UP WITH UNASSAILABLE STATISTICAL PROOF THAT IN FINAL ACCOUNTING BANGLADESH WOULD END UP OWING PAKISTAN SIZEABLE SUM* CLEARLY THIS IS ISSUE THAT COULD REQUIRE DECADES FOR SETTLEMENT IN ABSENCE SOME FACE-SAVING COMPROMISE THAT RESULTS IN MINIMUM ACTUAL TRANSFERS. AS TO QUESTION OF NON-BENGALEES, WE FEEL PAKS MAY BE WILLING TO ACCEPT FEW MORE THOUSAND BUT ANYTHING CLOSE TO MAGNITUDE OF BANGLADESH DEMAND SEEN AS OUT OF THE QUESTION. BYROADE

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